

## CANTONMENT CONTRACTS ON PERCENTAGE BASIS

Profits of Contractors Will Range  
From 10 to 6 Per  
Cent.

### GOVERNMENT IS SAFEGUARDED

Commanding Officer Says Great Ma-  
jority of Contractors Have Shown  
Loyalty and Patriotism—Many  
Willing to Work on Cost Basis.

A great number of people have been  
curious to know what sort of an ar-  
rangement was reached between the  
government and the cantonment con-  
tractors in the matter of remuneration.  
The Council of Defense has issued an  
explanation of the fee system adopted  
by the government.

The fees vary from 10 per cent on  
small contracts of \$10,000 or less, to  
6 per cent on contracts of more than  
\$250,000, with a final upset limit of  
\$250,000. The fees in all cases cover  
both profit and overhead expense.

In deciding on the cantonment con-  
tracts there were three main points of  
practical importance to be con-  
sidered. The first was the absolute  
necessity of speed; the second, proper  
construction; the third, economy. Tak-  
ing all three into consideration, and  
also the fact that time would not per-  
mit the completion of drawings and  
specifications which would be neces-  
sary in order to ask for competitive  
bids before the work had to be started,  
the Quartermaster Corps, acting in con-  
junction with the emergency construc-  
tion committee, decided to make con-  
tracts on the percentage, or cost plus,  
basis, at the same time using all pos-  
sible safeguards in the shape of guar-  
antees from the contractors as to their  
capacity and integrity.

The profit system was decided on,  
only after weeks of study to find a  
basis for the fees which would assure  
the country the highest grade of work  
from the contractors, and, at the same  
time, prevent extravagance through the  
payment of excessive profits. In speak-  
ing of the contractors, Colonel I. W.  
Littell, of the Quartermaster's Depart-  
ment of the Army, who is in charge of  
the work of building the army can-  
tonments, said: "It is a pleasure to  
pay tribute to the loyalty and patrio-  
tism of the great majority of con-  
tractors who have come here to discuss  
the question with me. With a few ex-  
ceptions, they have acquiesced willing-  
ly in our contention that the profits  
must be kept down to the lowest level  
consistent with high-grade work. Some  
firms have offered to do the work on a  
cost basis, but we have considered this  
an unwise policy, both economically  
and nationally. The utmost speed and  
efficiency must be developed in these  
and future building jobs for the gov-  
ernment, and the acceptance of offers  
of free service might easily disrupt the  
high-grade contracting firms best qual-  
ified to do the work effectively."

### STEPS TAKEN TO SAFEGUARD

AGAINST EXCESSIVE PRICES  
Steps have been taken by the com-  
mittees also to safeguard the govern-  
ment from paying unreasonable prices  
for materials. These committees by  
mobilizing the resources of materials in  
the various branches, and co-ordinat-  
ing the supply and demand, have fixed  
prices which give the material inter-  
ests a fair, low margin of profit, but  
with a tendency in all cases to make  
these prices somewhat lower than the  
prevailing market rates for each com-  
munity.

The schedule of fees for the canton-  
ment contractors is as follows:

If the cost of the work is under \$100,  
000, a fee of 10 per cent of such cost.  
If the cost of the work is over \$100,  
000, and under \$250,000, a fee of 10 per  
cent of such cost.  
If the cost of the work is over \$250,  
000 and under \$500,000, a fee of 8 per  
cent of such cost.

If the cost of the work is over \$500,  
000 and under \$750,000, a fee of 7 per  
cent of such cost.

If the cost of the work is over \$750,  
000 and under \$1,000,000, a fee of 6 per  
cent of such cost.

If the cost of the work is over \$1,000,  
000 and under \$2,500,000, a fee of 5 per  
cent of such cost.

If the cost of the work is over \$2,500,  
000 and under \$5,000,000, a fee of 4 per  
cent of such cost.

If the cost of the work is over \$5,000,  
000 and under \$10,000,000, a fee of 3 per  
cent of such cost.

If the cost of the work is over \$10,000,  
000 and under \$25,000,000, a fee of 2 per  
cent of such cost.

If the cost of the work is over \$25,000,  
000 and under \$50,000,000, a fee of 1 per  
cent of such cost.

If the cost of the work is over \$50,000,  
000 and under \$100,000,000, a fee of 1 per  
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If the cost of the work is over \$100,000,  
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